



General Assembly

January Session, 2011

***Raised Bill No. 6304***

LCO No. 2818

\*02818\_\_\_\_\_VA\_\*

Referred to Committee on Select Committee on Veterans' Affairs

Introduced by:  
(VA)

***AN ACT CONCERNING AN EXEMPTION FROM THE STATE INCOME TAX FOR MEMBERS OF MILITARY FUNERAL HONOR GUARDS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of  
2 section 12-701 of the general statutes is repealed and the following is  
3 substituted in lieu thereof (*Effective from passage and applicable to taxable*  
4 *years commencing on or after January 1, 2011*):

5 (B) There shall be subtracted therefrom (i) to the extent properly  
6 includable in gross income for federal income tax purposes, any  
7 income with respect to which taxation by any state is prohibited by  
8 federal law, (ii) to the extent allowable under section 12-718, exempt  
9 dividends paid by a regulated investment company, (iii) the amount of  
10 any refund or credit for overpayment of income taxes imposed by this  
11 state, or any other state of the United States or a political subdivision  
12 thereof, or the District of Columbia, to the extent properly includable  
13 in gross income for federal income tax purposes, (iv) to the extent  
14 properly includable in gross income for federal income tax purposes  
15 and not otherwise subtracted from federal adjusted gross income  
16 pursuant to clause (x) of this subparagraph in computing Connecticut

17 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
18 extent any additional allowance for depreciation under Section 168(k)  
19 of the Internal Revenue Code, as provided by Section 101 of the Job  
20 Creation and Worker Assistance Act of 2002, for property placed in  
21 service after December 31, 2001, but prior to September 10, 2004, was  
22 added to federal adjusted gross income pursuant to subparagraph  
23 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
24 income for a taxable year ending after December 31, 2001, twenty-five  
25 per cent of such additional allowance for depreciation in each of the  
26 four succeeding taxable years, (vi) to the extent properly includable in  
27 gross income for federal income tax purposes, any interest income  
28 from obligations issued by or on behalf of the state of Connecticut, any  
29 political subdivision thereof, or public instrumentality, state or local  
30 authority, district or similar public entity created under the laws of the  
31 state of Connecticut, (vii) to the extent properly includable in  
32 determining the net gain or loss from the sale or other disposition of  
33 capital assets for federal income tax purposes, any gain from the sale  
34 or exchange of obligations issued by or on behalf of the state of  
35 Connecticut, any political subdivision thereof, or public  
36 instrumentality, state or local authority, district or similar public entity  
37 created under the laws of the state of Connecticut, in the income year  
38 such gain was recognized, (viii) any interest on indebtedness incurred  
39 or continued to purchase or carry obligations or securities the interest  
40 on which is subject to tax under this chapter but exempt from federal  
41 income tax, to the extent that such interest on indebtedness is not  
42 deductible in determining federal adjusted gross income and is  
43 attributable to a trade or business carried on by such individual, (ix)  
44 ordinary and necessary expenses paid or incurred during the taxable  
45 year for the production or collection of income which is subject to  
46 taxation under this chapter but exempt from federal income tax, or the  
47 management, conservation or maintenance of property held for the  
48 production of such income, and the amortizable bond premium for the  
49 taxable year on any bond the interest on which is subject to tax under  
50 this chapter but exempt from federal income tax, to the extent that

51 such expenses and premiums are not deductible in determining federal  
52 adjusted gross income and are attributable to a trade or business  
53 carried on by such individual, (x) (I) for a person who files a return  
54 under the federal income tax as an unmarried individual whose  
55 federal adjusted gross income for such taxable year is less than fifty  
56 thousand dollars, or as a married individual filing separately whose  
57 federal adjusted gross income for such taxable year is less than fifty  
58 thousand dollars, or for a husband and wife who file a return under  
59 the federal income tax as married individuals filing jointly whose  
60 federal adjusted gross income for such taxable year is less than sixty  
61 thousand dollars or a person who files a return under the federal  
62 income tax as a head of household whose federal adjusted gross  
63 income for such taxable year is less than sixty thousand dollars, an  
64 amount equal to the Social Security benefits includable for federal  
65 income tax purposes; and (II) for a person who files a return under the  
66 federal income tax as an unmarried individual whose federal adjusted  
67 gross income for such taxable year is fifty thousand dollars or more, or  
68 as a married individual filing separately whose federal adjusted gross  
69 income for such taxable year is fifty thousand dollars or more, or for a  
70 husband and wife who file a return under the federal income tax as  
71 married individuals filing jointly whose federal adjusted gross income  
72 from such taxable year is sixty thousand dollars or more or for a  
73 person who files a return under the federal income tax as a head of  
74 household whose federal adjusted gross income for such taxable year  
75 is sixty thousand dollars or more, an amount equal to the difference  
76 between the amount of Social Security benefits includable for federal  
77 income tax purposes and the lesser of twenty-five per cent of the Social  
78 Security benefits received during the taxable year, or twenty-five per  
79 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
80 Code, (xi) to the extent properly includable in gross income for federal  
81 income tax purposes, any amount rebated to a taxpayer pursuant to  
82 section 12-746, (xii) to the extent properly includable in the gross  
83 income for federal income tax purposes of a designated beneficiary,  
84 any distribution to such beneficiary from any qualified state tuition

85 program, as defined in Section 529(b) of the Internal Revenue Code,  
86 established and maintained by this state or any official, agency or  
87 instrumentality of the state, (xiii) to the extent allowable under section  
88 12-701a, contributions to accounts established pursuant to any  
89 qualified state tuition program, as defined in Section 529(b) of the  
90 Internal Revenue Code, established and maintained by this state or  
91 any official, agency or instrumentality of the state, (xiv) to the extent  
92 properly includable in gross income for federal income tax purposes,  
93 the amount of any Holocaust victims' settlement payment received in  
94 the taxable year by a Holocaust victim, (xv) to the extent properly  
95 includable in gross income for federal income tax purposes of an  
96 account holder, as defined in section 31-51ww, interest earned on  
97 funds deposited in the individual development account, as defined in  
98 section 31-51ww, of such account holder, (xvi) to the extent properly  
99 includable in the gross income for federal income tax purposes of a  
100 designated beneficiary, as defined in section 3-123aa, interest,  
101 dividends or capital gains earned on contributions to accounts  
102 established for the designated beneficiary pursuant to the Connecticut  
103 Homecare Option Program for the Elderly established by sections 3-  
104 123aa to 3-123ff, inclusive, (xvii) to the extent properly [included]  
105 includable in gross income for federal income tax purposes, fifty per  
106 cent of the income received from the United States government as  
107 retirement pay for a retired member of (I) the Armed Forces of the  
108 United States, as defined in Section 101 of Title 10 of the United States  
109 Code, or (II) the National Guard, as defined in Section 101 of Title 10 of  
110 the United States Code, [and] (xviii) to the extent properly includable  
111 in gross income for federal income tax purposes for the taxable year,  
112 any income from the discharge of indebtedness in connection with any  
113 reacquisition, after December 31, 2008, and before January 1, 2011, of  
114 an applicable debt instrument or instruments, as those terms are  
115 defined in Section 108 of the Internal Revenue Code, as amended by  
116 Section 1231 of the American Recovery and Reinvestment Act of 2009,  
117 to the extent any such income was added to federal adjusted gross  
118 income pursuant to subparagraph (A)(x) of this subdivision in

119 computing Connecticut adjusted gross income for a preceding taxable  
120 year, and (xix) to the extent properly includable in gross income for  
121 federal income tax purposes, any income received from the Adjutant  
122 General or the United States government for service in any honor  
123 guard detail ordered or requested by the Adjutant General pursuant to  
124 section 27-76.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2011</i>	12-701(a)(20)(B)

***Statement of Purpose:***

To provide an exemption from the state income tax for any income received for service in an honor guard detail at a military funeral.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*